

Press Release

A S Cargo Movers Private Limited (ASCM)

23 January, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs.80.00 Cr
Long Term Rating	SMERA BB/Stable (Assigned)

**Refer Annexure for details*

SMERA has assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.80.00 crore bank facilities of A S Cargo Movers Private Limited (ASCM). The outlook is '**Stable**'.

A. S. Cargo Movers Private Limited, a flagship company of the A. S. Group of Companies was established in 1992 by Mr. Amar Rahman and his wife, Mrs. Shahana Rahman. The company is engaged in the development and leasing of warehouses on long term basis at Chennai and Karnataka. The total leasable area is 7.5 lakh square feet.

List of Key Rating Drivers

Strengths:

Experienced management

ASCM, part of the A S Group is engaged in developing and leasing out warehouses to companies. Mr. Amar Rahman and Mrs. Shahana Rahman, the promoters have more than two decades of experience in the industry. Over the years, the group has developed around 5 million square feet of warehousing facility including 8.50 lakh square feet of multi storied warehouses.

Moderate financial risk profile

The financial risk profile is moderate with net worth of Rs. 56.22 crore as on 31 March, 2017 as against Rs. 55.36 crore as on 31 March, 2016. The gearing (debt to equity ratio) stood at 1.49 times as on 31 March, 2017 as against 1.30 times as on 31 March, 2016. The total debt of Rs.83.60 crore consists of lease rental loan of Rs.53.10 crore as on 31 March, 2017. The Interest Coverage Ratio (ICR) stood at 1.33 times in FY2017 as against 1.00 times in FY2016 and low debt service coverage ratio (DSCR) of 0.77 times as against 0.50 times in FY2016-17. The Net Cash Accruals to Total Debt (NCA/TD) stood at 0.03 times in FY2017.

Improving revenue visibility and reputed clientele

The warehouse in Chennai has been leased out to MNCs including Pepsico India holdings Pvt Ltd, Delta India Electronics Pvt. Ltd., Caterpillar India Private Ltd among others for a period of around five to 12 years.

Waterfall mechanism in Escrow account

The terms of sanction for the term loan stipulate an escrow mechanism through which rent receipts are routed and used for payment as per the defined payment waterfall. Surplus cash flow after meeting tax expenses, operating expenses, debt servicing obligation can be utilised for acceleration of debt repayment.

Weaknesses

Agreement renewal risk

The ability of ASCM to renew the lease rental agreements on time, as per envisaged terms and variation, in the credit profile of Licensee is a key rating sensitivity.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of A S Cargo Movers Private Limited to arrive at the rating.

Outlook – Stable

SMERA believes that ASCM will maintain a stable outlook over the medium term owing to its experienced management and reputed tenants. The outlook may be revised to 'Positive' in case the company is able to renew its lease agreement within the stipulated time frame and generates excess cash flows from rental income. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	13.93	10.84	9.81
EBITDA	Rs. Cr.	11.07	7.37	1.54
PAT	Rs. Cr.	0.87	(1.70)	(6.54)
EBITDA Margin	(%)	79.48	67.99	15.72
PAT Margin	(%)	6.22	(15.68)	(66.70)
ROCE	(%)	7.34	6.30	8.92
Total Debt/Tangible Net Worth	Times	1.49	1.30	7.29
PBDIT/Interest	Times	1.33	1.00	1.97
Total Debt/PBDIT	Times	7.27	8.06	4.10
Gross Current Assets (Days)	Days	1422	1435	763

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Not Applicable

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	80.00	SMERA BB/ Stable

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ABOUT SMERA

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